App F IX 4

19 51-52
(C M)

File No

Previous References
C M 76-51-2,3
C M 16-51-1, 2

Serial Nos 4,

Later References
C M 58 52-1, 2
C M 58-52-9
C M 113-53-1, 2

GENERAL AND REVENUE SECRETARIAT

PLM12 CBBB

Serial Nos Thro

P-P
L

Part B for Jec 52

SUBJECT

Financial accommodation to the M/C of Mysore, Coy the Mysore Bank

-L14132/C M 76-51-5 k/28-2 52

The Manager, Bank of Mysore
Bangalore

Copy to the M/C Coy M city M/s
(thro' the PWD)

KC 12/C/52

WD 015467—GPB—25 000—12-9 51

6978/mb

Financial accommodation to the Mysore Municipal Council, Mysore from the Bank of Mysore

—

From

The Municipal Council, Mysore vide Mlg No. C2 D.R 37/54-55 Dt 31/5/55

Forwards further Resolution dated 29/5/55 of the municipal Council on the Subject

—

The Mysore City municipal Council has further Resolved on 29/5/55 approving the obtaining of financial accommodation from the Mysore Bank at 4½% interest as against a Rate of interest not exceeding 3½% sanctioned in G.O.No L 8852 55/C.M 76-51 dated 17/22-11-54 on the following terms

2) The Council in forwarding the above Resolution requests the Manager of the Bank to kindly address the Government the guaranteed amount as above G.O

3) The Council in their letter dated 8/4/55 had desired that the rate of interest the Bank would charge on the overdraft amount was informally ascertained from the Manager to Range from 3½ to 3¾% as now proposed enhanced interest @ at 4½% is to be paid, the reasonableness of

6978/mb

Financial Accommodation to the Board, before the the Board of before the
the arrangement may get considerably
lost as the amount as ordered is Really
very heavy

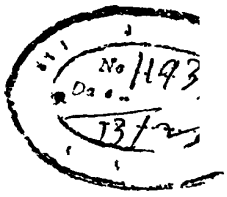
4) The note of the Counsel referred
to as the Resolution the Council may
take more details about the
circumstances for agreeing to the enhanced
Rate of interest A Copy of the Bank
will, if approved, be obtained for
Reference

5) According to entry 16 of the Second
Schedule to the Madras Court Fees Rules
the fixing of a reasonable Fee the State Govt
for a loan Reference to be treated as
a Council Case But as the Bank year
1951 was in fast drawing to a close
Orders dated 22-11-51 were issued pending
the formal disposal of the question by
circulation to the Ministers especially
as the Hon'ble Revenue chief Minister,
Hon'ble Finance Minister and Hon'ble L.S.G
Minister had approved of the terms will now be
Regularised
6) Submit for orders

12/12/51 7) This is a Council Case and if
for 12/12/51 approved a draft Council Note will be
put up

Secy
L.S.G)

12/12/51



7) As requested by the Hon Council
the guarantee may be modified

6972 Financial accommodation to the Municipal council, Mysore by the Mysore Bank

5992

14/12 — b) A draft Calls to the Manager, Bank of Mysore is put up for approval & consultation with the Law Dept

11) After issue of this Calls on the consultation note with the put up

12)

Seen 25/2/52

13) Issue & put up DFR

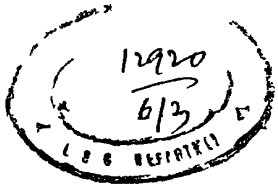
To
The Manager
Bank of Mysore Ltd
Bangalore
L 14132/Local 28 2 52
Copy to the Mc concerned
Mysore City Mlle (Thro PDL)
L 14133/Local 28 2 52

6978/mk

Financial accommodation to new municipal Council Taluk Mysore Bangalore

14) Off Circulation note re put up DC 477/51-52 for approval

Accs 5/3/52 Secy Legs) Engr 5/3/52



DCS 7/3

Two copies of circulation note are placed below the file may now be referred to the Secretariat for further action

Accs 8/3/52 Asst Secy ch seen) 12/3

Engr 10/3

Council File No.	DC 477/51-52
For disposal by Circle	
Received	13 3 52
Financial orders	14 11 51
Circulated	20 3 52
Circulation to Committee on	27 3 52
Date 20 3 52	Asst Engr CB

20 3 52

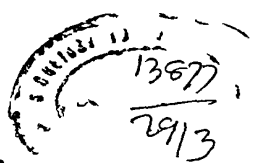
20 3 52

Circulation book perused by the Dy Secy as placed on the file

1 Circulation completed	27 3 52
2 Ministers concur	
3 Action taken —	the Council
Free session	28 3 52
4 For [illegible]	
[illegible]	
Date 28 3 52	Asst Engr 29/3/52

28 3 52

28 3 52



29/3

No 2 P R 37 CM 76-51-4
Encls One 5152

CITY MUNICIPAL COUNCIL
P B N 17
Mysore Dated - 31st Jan 1952

GENERAL & REVENUE SECRETARIAT
6978
9 FEB 1952
GEN I U I PA BRANCH

THE MUNICIPAL COMMISSIONER
CITY MUNICIPAL COUNCIL
MYSORE

The Secretary to Government,
L S G Department, Bangalore
(Through the President)

Sir,

Subject Financial accommodation to the Municipal Council, Mysore, by the Mysore Bank

---

Adverting to G O No L 8352-55/C 76-51-2 dated 17-11-51 sanctioning the proposals of the Council with regard to the above and also intimating that Government stand guarantee to the arrangement, I write to state that the Council at their meeting held on 29-1-52 agreed to the enhanced rate of interest quoted by the Bank, viz, 4½% in their letter dated 14-12-51

In enclosing a copy of the resolution in this behalf I request that the Manager, the Bank of Mysore, Bangalore, may be suitably addressed, conveying the guarantee envisaged in G O No L 8852-55/C 76-51-2 dated the 17th November 1951

Yours faithfully,

(M S Swaminathan)
Municipal Commissioner

Forwarded with compliments
A Krishnamurthy Rao
(A Krishnamurthy Rao)

President

Proceedings of the Ordinary Meeting of the City Municipal Council held in the Municipal Office on Tuesday the 29th Jan 1952 at 4 p m

---

1048 Municipal Engineer's note dated 12-1-52 proposing a scheme of works to be taken up out of the loan to be obtained from Mysore Bank and Commissioner's note regarding obtaining financial accommodation at 4½% interest

Municipal Engineer's note to be brought up at the next adjourned meeting

The Commissioner's note re: obtaining financial accommodation at 4½% from Mysore Bank on an overdraft basis approved

Sd/- Krishnamurthy Rao,
President

'copy"

(M S Swaminathan)
Municipal Commissioner

31/1/52

Appendix F G —1]

SUBJECT

Section CM

File No 76 51

Serial No 5

No

Diary No of letter replied to

To

The Manager

Bank of Mysore, Ltd.

Bangalore

General and Revenue Secretariat

( )

the 19

Sir

In continuation of Go No L 8852-55/C M 76-51-3 dated 17/22-11-51 wherein Govt have sanctioned the payment of the financial accommodated to the Bank of Mysore on the overdraft Loan to the Mysore City Municipal City, I am directed to state that the Municipal Council, Mysore City Municipality has been reported that the Municipal Council is agreeable to pay the enhanced rate of interest at 4½% on the actual debit balances, as applied on your letter dated 14 12 51 addressed to the Municipal Council. The

Date of issue

Signed by

Stood

Principal Secretary

List of enclosures

Copied by

Examined by

VD 015460—GPB—30 000—25 9 51

Govt guarantee is therefore
modified to cover the repayment
of principal and the payment
of interest at 4 1/2 % p a, instead
of at 3 1/2 % p a as originally mentioned
sanctioned in G O. dated 17/22-11-51,
on the actual date of balances
against the Municipality on
the accounts of the Bank

Yours faithfully

Sd/- 26/2
for A S G Secy

25/2 25/2/52

Office

Copy to the Secretary Deputy
City Civil Court (in pr 37) for
information with reference to
his letter dy. c, p R 37/51 52
dated 31 1-52

By order
Sd/- 26/2
for A S G Secy

25/2/52

C R 76-51-5

L L/4/32/28 2 52 28 February 2

L S G Department

The Manager,
Bank of Mysore Ltd ,
Bangalore

In continuation of Government Order No L 8352-55/C R 76-51-3 dated the 17/22rd November 1951 wherein Government have stood guarantee for the repayment of principal and interest in respect of the financial accommodation from the Bank of Mysore to the Mysore City Municipality on an overdraft basis, I am directed to state that the Municipal Commissioner, Mysore City Municipality has since reported that the Municipal Council is agreeable to pay the enhanced rate of interest at 4½% on the actual debit balances, as quoted in your letter dated the 14th December 1951 addressed to the Municipal Commissioner The Government guarantee is, therefore, modified to cover the repayment of the principal and the payment of interest at 4½% per annum, instead of at 3½% per annum as originally mentioned in Government Order dated the 17/22nd November 1951, on the actual debit balances against the Municipality in the accounts of the Bank

Yours faithfully,
Sd K BALASUBRAMANYAM,

Secretary to Government,
L S G Department

Memo No L /4/32 28 2 52

Copy of the above is forwarded to the Municipal Commissioner, Mysore City Municipality (through the President) for information with reference to his letter No C2 P R 37/51-52 dated the 31st January 1952

LNS 3 26/2

(K BALASUBRAMANYAM)
Secretary to Government,
L S G Department

DRAFT CIRCULATION NOTE

Subject Financial accommodation to the Lysore City Municipal Council by the Mysore Bank, Ltd ,

A major length of roads in Mysore City being metalled and gravelled ~~which~~ and they get badly scoured out during the rainy season ~~involving~~ and require heavy maintenance charges Moreover the roads in the City have to be repaired several times during the year on account of special festivities and functions The Mysore City Municipal Council therefore considers it desirable to tar all roads in the city both in the interests of traffic and convenience o the citizens and also as a long run measure of economy in their maintenance The money that can be made available by the Municipal Council out of the normal revenues for the purpose cannot be substantial and this has necessitated ~~the~~ exploring the possibilities of raising a loan

2 The Municipal Council considered ~~the~~ two alternatives in this context viz , (1) raising a loan and (2) securing financial accommodation from the Bank of Mysore, Ltd , on an overdraft basis in regard to which there was encouraging response from the Manager of the Bank The overdraft arrangement was considered to possess certain definite advantages over the raising of a loan as in the former there is no initial expenditure on the printing of scripts, correspondence, staff, commission for underwriting etc , and interest which is payable only on the actuals debit balances could be minimised by an adjustment of the pace of work to the availability of materials and machinery now in short supply, with the added assurance of funds being available for a programme of work which can be planned ahead on a long range basis

3 The Council discussed the subject at a special meeting held on 22nd June 1951 and approved the following recommendations of the Managing Committee -

i) The Bank of Mysore be requested to give financial accommodation to the Mysore City Municipal Council to the extent of Rupees five lakhs for a period of ten years on overdraft basis at a rate of interest not exceeding 3½% on the actual debit balance

ii) The Government of Mysore be requested to guarantee the paymentof the principal and payment of interest, without charging any commission or fee for the guarantee,

iii) The overdraft loan be used mainly for financing a scheme of tarring roads in the City and may also be used for revenue yielding schemes which the Council might decide to finance from this source

iv) Provision be made in the Budget every year to the extent of not less than Rupees one lakh for repayment of principal and payment of interest, on account of this loan,

v) The preliminary arrangements and safeguards suggested in the concluding part of the Municipal Commissioner's note be approved,

4 The Municipal Commissioner recommended sanction to the above resolution of the Municipal Council and to the giving of guarantee by the Government for the repayment of the loan and the payment of interest without charging any commission or fee therefor

5 The Financial Secretary to whom the file was referred has opined as follows on 12-10-51 -

"It does not require much acumen to gather that the proposed loan is for the discharge of the loan now due for repayment As regards the tarring etc , they could have been spread over the five-year period at the rate of Rupees one lakh a ye r, if that was all the urgency

" The loan may be sanctioned, Government guarantee being given and commission charged at 1/2% as a special case

" The provision for repayment should be the first charge on the municipal revenue The Budget of the Municipality should be so framed that it should rely on its resources alone Even the usual Government grant

may be uncertain in the coing years So the Municipality should cut down its expenditure and increase its reverue by all the means in its power

6 The Hon'ble Minister for Local Self Govt and the Hon'ble Chief Minister approved of the proposal to obtain accommodation from the Mysore Bank, subject to the conditions stipulated above by the Finarcial Secretary

on Hon F&S Who was also in charge of the duties of the Hon Chief Hon. Agreed with the Hon Hon LSG On 14-11-51 and on 16-11-51, he further

7 The Hon'ble Chief Minister having ordered the disposal of the case by circulation after the issue of orders Orders sanctioning the proposal were issued in No L 8852-55/CM 76-51-2 dated 17/22nd November 1951 and a note is put up for circulation to the Hon'ble Ministers

Before the case could be circulated to the Hon Ministers

8 On a subsequent recommendation of the Municipal Council, requesting modification of the Govt sanction to cover enhanced rate of interest on the actual debit balances against the Municipality in the accounts of the Bank from 3½% to 4½% this was read as 3½%

Was read from the at 4½/5

This has also been sanctioned in letter No L 14132 dated 28th February 1952 copies of the GOs are enclosed for perusal

9 This note is now circulated to the Hon Ministers for ratification of the action already taken in anticipation of the approval of Council and the following is for approval

DRAFT COUNCIL RESOLUTION

The Council ratifies the orders dated approves of the proposal of the Chairman of the proposal of the Mysore City Municipal Council to obtain financial accommodation from the Bank of Mysore to the extent of Rupees five lakhs for a period of ten years on an overdraft basis at 4½% interest on the actual debit balance, Government guarantee being given for the repayment of principal and payment of interest and commission charged at half percent as a special case on the total amount guaranteed viz , Rupees five lakhs "

knr/5.3

Secretary to Government, S.G Department

CIRCULATION NOTE.

Subject:- Financial accommodation to the Mysore City Municipality by the Bank of Mysore Ltd.

A major length of roads in Mysore City being metalled and gravelled, they get badly scoured ~~out~~ during the rainy season and require heavy maintenance charges. Moreover the roads in the City have to be repaired several times during the year on account of special festivities and functions. The Mysore City Municipal Council therefore considers it desirable to tar all roads in the City both in the interests of traffic and convenience of of the citizens and also as a long-run measure of economy in their maintenance. The money that can be made available by the Municipal Council out of the normal revenues for the purpose cannot be substantial and this has necessitated exploring the possibilities of raising a loan.

2 The Municipal Council considered two alternatives in this context, viz., (1) raising a loan and (2) securing financial accommodation from the Bank of Mysore, Ltd., on an overdraft basis in regard to which there was encouraging response from the Manager of the Bank. The overdraft arrangement was considered to possess certain definite advantages over the raising of a loan, as in the former, there is no initial expenditure on the printing of scrips, correspondence, staff, commission for underwriting etc., and interest which is payable only on the actual debit balances could be minimised by an adjustment of the pace of work to the availability of materials and machinery now in short-supply, with the added assurance of funds being available for a programme of work which can be planned ahead on a long range basis.

3 The Municipal Council discussed the subject at a special meeting held on 22nd June 1951 and approved the following recommendations of the Managing Committee :-

i) The Bank of Mysore be requested to give financial accommodation to the Mysore City Municipal Council to the extent of Rs.5,00,000/- (Rupees Five lakhs) for a period of ten years on overdraft basis at a rate of interest not exceeding 3½% on the actual debit balance;

ii) The Government of Mysore be requested to guarantee the payment of the principal and payment of interest, without

without charging any commission or fee for the guarantee;

iii) The overdraft loan be used mainly for financing a scheme of tarring roads in the City and may also be used for revenue yielding schemes which the Council might decide to finance from this source;

iv) Provision be made in the Budget every year to the extent of not less than Rs.1,00,000/- for repayment of principal and payment of interest, on account of this loan;

v) The preliminary arrangements and safeguards suggested in the concluding part of the Municipal Commissioner's note be approved.

4. The Municipal Commissioner recommended sanction to the above resolution of the Municipal Council and to the giving of guarantee by the Government for the repayment of the loan and the payment of interest without charging any commission or fee therefor.

5. The Financial Secretary to whom the file was referred opined as follows on 12-10-1951:-

"It does not require much acumen to gather that the proposed loan is for the discharge of the loan now due for repayment. As regards the tarring etc , they could have been spread over the five-year period at the rate of Rs.1,00,000/- a year, if that was all the urgency "

"The loan may be sanctioned, Government guarantee being given and commission charged at ½% as a special case."

"The provision for repayment should be the first charge on the Municipal Revenue. The budget of the Municipality should be so framed that it should rely on its resources alone. Even the usual Government grant may be uncertain in the coming years. So the Municipality should cut down its expenditure and increase its revenue by all the means in its power."

6. The Hon'ble Minister for Local Self-Government approved on 17-10-1951 the proposal of the Municipal Council to obtain accommodation from the Mysore Bank, subject to the conditions stipulated by the Financial Secretary.

7. The Hon'ble Minister for Finance and Industries who was also in charge of the duties of the Hon'ble Chief Minister agreed with the Hon'ble Minister for Local Self-Government on 14-11-1951 and on 16-11-1951 he further ordered the disposal of the case by Circulation after the issue of orders. Orders sanctioning the

the proposal were accordingly issued in No L 8852-55/C M.76-51-2 dated 17/22nd November 1951.

8. Before the case could be circulated to the Hon'ble Ministers, a subsequent recommendation was received from the Municipal Council requesting modification of the Government guarantee to cover enhanced rate of interest at 4½% on the actual debit balances against the Municipality in the accounts of the Bank, instead of 3½% This has also been sanctioned in letter No.L.14132 dated [redacted] February 1952. Copies of the Government Orders are enclosed for perusal.

9. This Note is now circulated to the Hon'ble Ministers for ratification of the action already taken in anticipation of approval by Council and the following draft council resolution is for approval:

DRAFT COUNCIL RESOLUTION:

"The Council ratifies the Orders No L.8852-55/C.M.76-51-2 dated 17/22nd November 1951 and No.L.14132 dated 28th February 1952 sanctioning the proposals of the Mysore City Municipal Council to obtain financial accommodation from the Bank of Mysore Ltd., to the extent of Rs.5,00,000/- (Rupees Five lakhs) on an overdraft basis at 4½% interest on the actual debit balances, Government guarantee being given for the repayment of principal and payment of interest and commission charged at half per cent as a special case on the total amount guaranteed viz., Rs.5,00,000/- "

S Bala Subramanya
Secretary to Government,
L & G Department

7 1 1952

LM3 10 7/3

Council File	DC 477/52-53
For disposal by C	
Received	13 3 52
Final [illegible] ence	14 11 52
Circulated	20 3 52
Circulation [illegible]	27 3 52

Date 20 3 52

PROCEEDINGS OF THE GOVERNMENT OF MYSORE.

READ:-

Correspondence ending with letter No C2.P R 37/51-52 dated 27th September 1951 from the Municipal Commissioner, Mysore City Municipality, forwarding proposals for obtaining financial accommodation for the Mysore City Municipality to the extent of Rs.5,00,000/- on an overdraft basis from the Bank of Mysore to enable the financing of certain urgent works which the Municipal Council proposes to undertake as resolved by the Municipal Council at its meeting held on 22nd June 1951.

ORDER NO L.8852-55/C&.76-51-2

Dated, Bangalore, the 17/22nd November 1951

The Mysore City Municipal Council has under consideration an elaborate programme of tarring the roads in the City in order to minimise the expenditure on their maintenance and on special repairs several times during the year during festivities and functions. Provision that can be made in the budget of the Municipality for the purpose of normal revenue cannot be substantial. The question of securing financial accommodation from the Bank of Mysore, Ltd., on an overdraft basis, at a reasonable rate of interest payable only on the actual debit balances which would make funds available for a programme of work that can be planned ahead on a long range basis was mooted. The Municipal Commissioner reports that such financial accommodation can be arranged by the Mysore Bank, subject to the approval of Directors if Government guarantee the repayment of the loan.

The Mysore City Municipal Council which considered the subject at its meeting held on 22nd June 1951 has resolved to the following effect:-

i) that the Bank of Mysore be requested to give financial accommodation to the Mysore City Municipal Council to the extent of Rs.5,00,000/- for a period of ten years on an overdraft basis at a rate of interest not exceeding 3% payable on the actual debit balances;

ii) that the Government of Mysore be requested to guarantee the re-payment of the principal and payment of interest without charging of any commission or fee for the guarantee,

iii) that the overdraft loan be used mainly for financing a scheme of tarring roads in the city, and may also be used for revenue yielding centres which the Council might decide to finance from this source; and

iv) that provision be made in the budget every year to the extent of not less than Rs.1,00,000/- for repayment of principal and payment of interest on account of this loan;

The proposals of the Municipal Council is sanctioned.

Government stand guarantee for the repayment of the principal and payment of interest in respect of this overdraft arrangement subject to the condition that a commission at 1/2% (half percent) per annum on the total amount guaranteed Viz Rs.5,00,000 will be charged as a special case for the guarantee.

Sd. K.Balasubramanyam
Secretary to Government,
L.S.G. Department.

Copy

Letter No.L.14132 dated 28th February 1952 from the Secretary to Government, L.S.G.Department, Bangalore to the Manager, Bank of Mysore Ltd., Bangalore.

In continuation of Government Order No L 8852-55/Cl.76-51-3 dated the 17th/22nd November 1951 wherein Government have stood guarantee for the repayment of principal and interest in respect of the financial accommodation from the Bank of Mysore to the Mysore City Municipality on an overdraft basis, I am directed to state that the Municipal Commissioner, Mysore City municipality has since reported that the Municipal Council is agreeable to pay the enhanced rate of interest at 4½% on the actual debit balances, as quoted in your letter dated the 14th December 1951 addressed to the Municipal Commissioner. The Government guarantee is, therefore, modified to cover the repayment of the principal and the payment of interest at 4½% per annum, instead of at 6% per annum as originally mentioned in Government order dated the 17/22nd November 1951, on the actual debit balances against the Municipality in the accounts of the Bank.

(Sd) K Balasubramanyam

For Secretary to Government,
L.S.G. Department.

kar-10/7.3